**MAPHUMULO LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2009**

**MAPHUMULO LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2009**

---

I am responsible for the preparation of these annual financial statements, which are set out on pages 3 to 21, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

V MHLONGO
**Municipal Manager**

**Date**

**CONTENTS**

Statement of financial position

Statement of financial performance

Cash low statement

Statement of Changes in net assets

Accounting Policies

Notes to the financial statements

Appendix A: Schedule of External Loans as at 30 June 2009

Appendix B: Actual vs Budget (Revenue & Expenditure)

Appendix C: Actual vs Budget (Acquisition of Property Plant & Equipment)

. . .

Finance Management Act

**MAPHUMULO LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION**
**AT 30 JUNE 2009**

| | Note | 2009<br>R | 2008<br>R |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 8 | 34 160 329 | 35 013 094 |
| Investment Property | 9 | 12 997 836 | - |
| Intangibles | 10 | 58 065 | 271 549 |
| Investments | 11 | 263 616 | 239 217 |
| Long term Debtors | 12 | 71 257 | 105 785 |
| | | **47 551 102** | **35 629 645** |
| **Current assets** | | | |
| Investments | 11 | 13 245 384 | 9 923 479 |
| Receivables and prepayments | 13 | 1 066 646 | 1 473 628 |
| Cash and cash equivalents | 23 | 3 921 765 | - |
| | | **18 233 794** | **11 397 107** |
| **Total assets** | | **65 784 896** | **47 026 752** |
| **NET ASSETS AND LIABILITIES** | | | |
| **Net assets** | | | |
| Accumulated surplus | | 46 137 258 | 35 790 932 |
| | | **46 137 258** | **35 790 932** |
| **Non-current liabilities** | | | |
| Loans | 3 | 9 922 362 | - |
| Lease liability | 4 | 228 258 | 280 274 |
| | | **10 150 620** | **280 274** |
| **Current liabilities** | | | |
| Trade and other payables | 5 | 2 420 855 | 3 775 801 |
| Bank Overdraft | 23 | - | 243 502 |
| Unspent Grants | 7 | 5 339 674 | 6 287 591 |
| Leave Accrual | 6 | 909 196 | 601 799 |
| Short term Portion of long Term Loan | 3 | 774 917 | - |
| Lease liability - current | 4 | 52 377 | 46 853 |
| **Total liabilities** | | **9 497 019** | **10 955 546** |
| **Total net assets and liabilities** | | **65 784 896** | **47 026 752** |

**MAPHUMULO LOCAL MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE**
**FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | ACTUAL 2009 R | 2008 R |
|---|---|---|---|
| Rental of facilities & equipment | 17 | 196 620 | 128 549 |
| Interest Earned - External Investments | 17 | 1 417 688 | 1 344 815 |
| Free Basic Services | | - | - |
| Other Income | 17 | 97 708 | 16 819 |
| National Grant - Equitable Share | 16 | 20 656 870 | 16 236 887 |
| Grants & Subsidies | 16 | 11 866 569 | 10 808 705 |
| **TOTAL REVENUE** | | **34 235 454** | **28 535 775** |
| **EXPENDITURE** | | | |
| Employee Related Costs | 18 | (7 417 827) | (6 568 695) |
| Renumeration of Councillors | 19 | (3 837 839) | (3 380 163) |
| Repairs & Maintenance | | (803 940) | (361 220) |
| Loss on scrapping of Assests | 8 | (1 190 945) | (312 772) |
| Depreciation | 8 | (1 672 124) | (1 408 011) |
| General Expenses | 21 | (5 849 095) | (4 570 589) |
| Leave Reserve | | (518 825) | (230 240) |
| Finance Cost | | (39 072) | - |
| Bursaries & Loans | | (26 452) | 12 067 |
| Grant operating Expenditure | | (1 503 795) | (2 957 333) |
| Audit Fees | | (1 029 216) | (280 028) |
| **TOTAL EXPENDITURE** | | **(23 889 130)** | **(20 056 984)** |
| **Net surplus/(deficit) for the year** | 2 | **10 346 324** | **8 478 791** |

**MAPHUMULO LOCAL MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED 30 JUNE 2009**

Statement of Changes in Net Assets

| | Capitalisation Reserve | Government Grant Reserve | Accumulated Surplus | Total |
|---|---|---|---|---|
| Balance as at 1 July 2007 | 8 906 996.00 | 11 503 132.00 | **7 317 260.00** | 27 727 388.00 |
| Movement During the Year | 7 103 596.00 | | | 7 103 596.00 |
| Surplus/(Deficit) for the year | | | (4 154 167.00) | (4 154 167.00) |
| Prior Year Error - Bad debts expense | | | (403 653.00) | (403 653.00) |
| Prior year Error - Audit Fees | | | 251 306.00 | 251 306.00 |
| General Expenses adjusment | | | 37 518.00 | 37 518.00 |
| Change in policy - reallocation of capital expenditure | | | 296 648.00 | 296 648.00 |
| Prior years Depreciation | | | (2 713 537.52) | (2 713 537.52) |
| Depreciation | | | (1 408 010.67) | (1 408 010.67) |
| Wtrite off - Prior Years | (5 094 266.00) | | | (5 094 266.00) |
| Wtrite off - Current Year | | | (312 772.00) | (312 772.00) |
| Reversal of CAPEX included in the Statement of Financial Performance | | | 3 652 178.51 | 3 652 178.51 |
| Prior Year Error - Counter funding Included in MPCC Grant | | | | - |
| Work In Progress | | | | - |
| Recognition of revenue from Grants | | | 10 808 704.92 | 10 808 704.92 |
| Transfare of reserves to Accumulated surplus | (10 916 326.00) | (11 503 132.00) | 22 419 458.00 | - |
| Balance as at 30 June 2008 | - | **-** | **35 790 933.24** | **35 790 933.24** |
| Movement of Reserves during the year | | | | - |
| Reversal of reserves to accumulated Surplus | - | - | **-** | - |
| Surplus/(Deficit) for the year | | | **10 346 324.28** | 10 346 324.28 |
| | | | | - |
| | - | - | **46 137 257.52** | **46 137 257.52** |

**MAPHUMULO LOCAL MUNICIPALITY**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 30 JUNE 2009**

| | Notes | 2009<br>R | 2008<br>R |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash receipts from government, ratepayers and other | | 46 046 411 | 32 746 975.00 |
| Cash paid to supplies and employees | | (35 804 119) | (15 249 315.45) |
| Net cash flow from operating activities | 21 | **10 242 292** | 17 497 659.25 |
| Interest received | | | |
| Contibutions for the public or state | | 1 417 688 | 1 344 814.98 |
| Interest paid | | (39 072) | |
| Net cash from / (utilised in) operating activities | | **11 620 908** | 18 842 474.23 |
| **Cash flow from investing activities** | | | |
| Acquisition of property, plant and equipment | | (14 794 653) | (17 451 443.00) |
| Increase in non-current recievables | | 34 528 | |
| Increase/Decrease in investments | | (3 346 302) | (3 969 977.00) |
| Net cash generated by / (used in) investing activities | | **(18 106 427)** | (21 421 420.09) |
| **Cash flow from financing activities** | | | |
| Loan Raised | | 10 650 788 | - |
| | | | - |
| | | **10 650 788** | - |
| **Net increase/(decrease) in cash and cash equivalents during the year** | | **4 165 269** | (2 578 945.86) |
| Cash and cash equivalents at beginning of year | | (243 502) | 2 335 443.00 |
| **Cash and cash equivalents at end of year** | 8 | **3 921 767** | (243 502.86) |

**MAPHUMULO LOCAL MUNICIPALITY**

**ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 30 JUNE 2009**

**1 BASIS OF PREPARATION**

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP) , and the Municipal Finance Management Act. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. The Annual Financial Statements incorporate for the first time all GRAP statements to 30 June 2008. Prior year balances have been reinstated from IMFO to GRAP with respect to funding sources and the creation of governement grant and capitalisation reserve, as well as Opening Fixed Assets, Adjustments resulting from changes in accounting standards that affect the retained earnings have been disclosed as movement in the statement of changes in net assets. These affected accounts are catch up additional depreciation and the amortisation of grants and reserves. Errors and mistatements have also been adjusted through the statement of changes in net assets as disclosed in note 2

Exemption from complying with certain standards as outlined in Government gazette was obtained from the Minister of Finance until 30 June 2009

The Municipality may have transactions, events or balances that are outside the ambit of GAMAP and GRAP but which are included in Standards of International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants – Public Sector Committee, International Accounting Standards (IAS) issued by the International Accounting Standards Board or Generally Accepted Accounting Practice issued by the South African Accounting Practices Board and the South African Institute of Chartered Accountants. The Municipality has not complied with the measurement, recognition and disclosure requirements of those accounting standards.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP or GRAP

These accounting policies are consistent with the previous year except for changes in accounting policy resulted from early adoption of GRAP statement as detailed in note 2

**2 Property, plant and equipment & Intangibles**

All property, plant & equipment and intangibles are stated at cost less accumulated depreciation/amortisation and any accumulated impairment losses. The Municipality reviews assets' residual values and useful lives at the end of each annual reporting period and make adjustments if appropriate, at each financial year end. During the period under review and in line with GRAP 17, the useful life and residual values have been reassessed, and where appropriate, the depreciation has been adjusted accordingly.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

Depreciation/amortisation is provided on a straight-line basis which, it is estimated, will reduce the carrying amounts of the assets to their residual values at the end of their expected useful lives. The current estimated useful lives of various assets are as follows:

| | |
|---|---|
| Land & Buildings | 10 - 30 years |
| Infrustructure Assets | 10 - 15 years |
| Plant & Machinery | 5 - 10 years |
| Motor Vehicles | 3 - 10 years |
| Computer hardware | 3 - 7 years |
| Intangibles | 3 - 7 years |
| Office equipment | 5 - 10years |
| Furniture and fittings | 5 - 10 years |

**3 Impairment**

The carrying amounts of tangible and intangible assets are reviewed at each financial year end to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An asset is impaired when its carrying amount exceeds its recoverable amount.

**4 Disposal of Property, Plant & equipment**

The gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset on the date of disposal, and is recognised in the Statement of Financial Performance

**5 Incomplete Construction Work**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is commissioned into use.

**6 Intangible Assets**

Intangible assets are carried at cost less accumulated amortisation and any impairment losses. Software is amortised on a straight-line basis over its anticipated useful life Generally, costs associated with developing computer software programs are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Municipality and have an probable benefit exceeding the cost beyond one year, are recognised as an intangible asset

Expenditure which enhances and extends the benefits of computer software programs beyond the original life of the software is capitalised. Computer software development costs reconised as assets are amortised using the straight line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred
Intagible assets with an infifnite useful lives are not armotised and are recorded at cost.

***Accounting Policies (continued)***

**7 Reserves**

The municipality creates and maintains Reserves in terms of specific requirements.

**7.1 Capital Replacement Reserve**

In order to finance the provision of infrastructure and other items of property, plant and equipment amounts are transferred from the Statement of Financial Performance to the Capital replacement reserve in terms of the implementation guidelines on GRAP. These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to the CRR is based on the Municipality's need to finance future capital projects included in the Integrated Development Plan
The following provisions are set for the creation and utilisation of the CRR:

(i) The cash which backs up the CRR is invested until it is utilised.
(ii) The cash may only be invested in accordance with the investment policy of the municipality.
(iii) Interest earned on the CRR investment is recorded as part of total interest earned in the Statement of Financial Performance.
(iv) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
(v) Whenever an asset is purchased out of the CRR an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the capitalisation reserve (CR). This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.

**7.2 Capitalisation Reserve**

On the implementation of GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utlised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.
The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)
The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).
When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/ (deficit).

**7.3 Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/ (deficit) to the Government Grant Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/ (deficit)

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).
When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to accumulated surplus/ (deficit).

**8 Leases**

**8.1 Municipality as Lessee**

Finance lease assets and liabilities are recognised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the future minimum lease payments.
Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balances of the liability for each period. The property plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.
Operating leases are those leases which do not fall within the scope of the above definition. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.
The Municipality will not incur a foreign currency lease liability other than that allowed by the Municipal Finance Management Act, 2003 (Act 56 of 2003).

**8.2 Municipality as Lessor**

When assets are leased out under an operating lease, the asset is included in the Statement of Financial Position based on the nature of the asset.

**9 Financial Instruments**

***9.1* Financial Assets**

The Municipality classifies its financial assets in the following categories:
• Loans and receivables,
• Held to maturity and
• Available for sale.
The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. With regard to reclassifications of financial assets, the entity shall not reclassify a financial instrument into or out of the fair value through profit or loss category while it is held or issued.

***Accounting Policies (continued)***

**9 Financial Instruments**

***9.1*** **Financial Assets (*Continued*)**

***(a) Loans and receivables***
Loans and receivables are non-derivative financial assets with fixedor determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than12 months after the reporting date. These are classified as non-current assets. The Municipality's loans and receivables comprise "trade receivables and other receivables" and cash and cash equivalents.

***(b) Held-to-maturity***
Held to maturity (HTM) investments are financial assets with fixed or determinable payments and fixed maturity where the entity has the positive intent and ability to hold the investment to maturity. These investments have been normally encumbered and therefore must be held to maturity. The value of the investments is recorded at trade date.
HTM financial instruments originated by the municipality and not held for trading is subsequently recognised at amortised cost using the effective interest rate method. Amortised cost is the amount at which the financial asset was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount and minus any write-down for impairment of uncollectability.
***(c) Available-for-sale financial assets***
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the financial asset within 12 months of the reporting date. Regular purchase and sales of financial assets are recognised on the trade date – the date on which the Municipality commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through
profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value and transaction costs are expensed in the Statement of Financial Performance.

***Offsetting of financial assets and liabilities***:
A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when and only when:
a) The Municipality has a legally enforceable right to set off the recognised amount; and
b) The Municipality intends either to settle on a net basis, or realise the asset and settle the liability simultaneously.
c) In accounting for a transfer of a financial asset that does not qualify for derecognition, the Municipality will not offset the transferred asset and the associated liability.

***Derecognition:***
Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred, and the municipality has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost.

***Impairment***:
Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified. Impairment losses recognised in the Statement of Financial Performance on equity instruments are not reversed through the Statement of Financial Performance. .

***Disposal***:
On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

***Counterparty exposure***:
The Municipality limits its counterparty exposure arising from money market by only dealing with well established financial institutions confirmed by the rating agency appointed by the Chief Financial Officer. The credit ratings of these institutions are reviewed quarterly and investments are spread across different types of approved investments and institutions.

***9.2*** **Interest Bearing Borrowings**

Interest bearing borrowings are recognised initially at fair value, net of transaction costs incurred. It should also be added that interest bearing borrowings are classified as non-current and current liabilities. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method. Interest bearing borrowings are classified as non-current and current liabilities unless the municipality has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

***9.2*** **Accounts Receivable**

Accounts receivable are carried at anticipated realisable value. The carrying amount of the asset is reduced through the use of a provision for bad debt account, and the amount of the loss is recognised in the Statement of Financial Performance. When a trade receivable is deemed uncollectible, it is written off against the provision for bad debt account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the Statement of Financial Performance.An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.
Amounts with regard to arrangement of consumer debtors are classified as long-term receivables.

**MAPHUMULO LOCAL MUNICIPALITY**

**ACCOUNTING POLICIES**

**FOR THE YEAR ENDED 30 JUNE 2009**

***Accounting Policies (continued)***

***10*** **Accounts Payable**

***10.1*** **Trade Creditors**

Trade Creditors are paid within 30 Days. The Municipality does not discount the creditors and as a result we have not factored any discounting into the value of tradecreditors and the face value is taken as invoice value.

***10.2*** **Provision for Leave**

Liabilities for annual leave are recognised as they accrue to employees.
Provision is based on the potential liability (value of leave credits as at 30 June) of the Municipality.

**11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position. Finance charges on bank overdrafts are expensed as incurred.

**12 Provisions**

Provisions are recognised when the municipality has a present, legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economics benefits will be required to settle the obligation, and where a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at year end adjusted to reflect the best current estimate.

**13 Revenue recognition**

Revenue is derived from grants from other tiers of government, trading activities and other services provided. Revenue comprises the fair value of the consideration received or receivable in the ordinary course of activities.Revenue is shown net of value-added tax, returns, rebates and discounts.Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be

**13.1 Revenue From Exchange Transactions**

**Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Interest earned on investments**

Interest earned on investments is recognised on a time proportionate basis that takes into account the effective yield on the investment

**13.2 Revenue From Non Exchange Transactions**

**Donations and contributions**

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use. Reveunue from public contributions is recognised when all conditions associated with the contribution have been met. Where these conditions have not been met, a liability is recognised. Contributed property, plant and equipment are recognised when such items of property, plant and equipment are brought into use. The fair value of the assets contributed is determined and recorded when the risks and rewards of ownership have been transferred.

**Revenue from recovery of unauthorised, irregular,fruitless and wasteful expenditure**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act, 2003 (Act 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**14 Conditional Grants & Receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised when the criteria, conditions or obligations have not been met.

**15 Borrowing Costs**

Borrowing costs resulting from fionancing of capital projects during the period of construction are capitalised into the asset developed. Any other borrowing costs are recognised as an expense in the Statement of Financial Performance.

***Accounting Policies (continued)***

**16 Value Added Tax**

The Municipality accounts for Value Added Tax on the cash basis.

**17 Unauthorised Expenditure**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, 2003(Act 56 of 2003).

Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**18 Irregular Expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act 56 of 2003), the Municipal Systems Act, 2000 (Act 32 of 2000), the Public Office Bearers Act, 1993 (Act 20 of 1998) or in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance

**19 Fruitless and Wasteful Expenditure**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**20 Taxation**

Municipality is exempt from tax in terms of section 10(1)cB(i)(ff ) of the Income Tax Act.

**21 Investment Property**

Investment Property consists of a buil;ding developed to generate rental revenue and boost economic development within the Municipality.
The property is carried at cost less accumulated depreciation or impairment over its useful life. Rental revenue is recognised in the statement of performance when it is due or recieved.

## 2 Change in Accounting Policy

### 2.1 Change in accounting policy

**Property plant and equipment**

| | |
|---|---|
| Cost previously reported | 22 419 455.00 |
| Effects of GRAP conversion | 16 686 728.00 |
| Recognition of accumulated depreciation | (2 685 079.33) |
| 2008 depreciation | (1 408 010.67) |
| Restated comparative Property, Plant & Equipment | **35 013 093.00** |

**Intangible assets**

| | |
|---|---|
| Effects of GRAP conversion | 300 007.00 |
| Accumulated amortisation | (19 682.00) |
| 2008 Amortisation | (8 776.00) |
| Restated comparative Intangible assets | **271 549.00** |

**Finance lease liability**

| | |
|---|---|
| Recognition of ABSA finance leases | 280 274 |
| Current portion | 46 853 |
| Restated balance | **327 127** |

**Restatement of surplus previously reported**

| | |
|---|---|
| Deficit previously reported | (4 154 167.00) |
| Reversal of capital grant expenditure | 3 652 178.51 |
| 2008 Depreciation | (1 408 010.67) |
| Recognition of grant income | 10 808 704.92 |
| Purchases of assets in expenditure | 296 648.00 |

### 2.2 Prior period error

**Receivables and prepayments**

| | |
|---|---|
| Balance previously reported | 1 877 280 |
| Debtor written off: | -403 653 |
| Restated balance | **1 473 627** |

**Government grants & subsidies**

| | |
|---|---|
| Balance previously reported | 4 110 260 |
| Incorrectly included overspending as grant income | 2 177 231 |
| Restated balance | **6 287 491** |

**Restatement of surplus previously reported**

| | |
|---|---|
| Deficit previously reported | (4 154 167.00) |
| Bad debts written off | (403 653.00) |
| Wtrite off - Current Year | (312 772.00) |

## 3 Long Term Liabilities

| | 2009 | 2008 |
|---|---|---|
| FNB | 10 697 279 | - |
| Less: Current Portion of Long Term Loan | 774 917 | - |
| **Total Long Term Loans** | **9 922 362** | **-** |

## 4 Lease Obligations

| | 2009 | 2008 |
|---|---|---|
| *Minimum Lease Payments Due* | | |
| - Within one year | 60 580 | 52 016 |
| - In second to fifth year inclusive | 167 677 | 228 258 |

| | 2009 | 2008 |
|---|---|---|
| Long Term Finance Lease Liability | 228 258 | 280 274 |
| Short Term Finance Lease Liability | 52 377 | 46 853 |

## 5 Creditors

| | 2009 | 2008 |
|---|---|---|
| Illembe Municipality | 22 027 | 22 027 |
| Trade creditors | 1 056 979 | 3 753 222 |
| Unclreared Cheques | 1 341 849 | - |
| UIF | - | 552 |
| | **2 420 855** | **3 775 801** |

## 6 Leave Accrual

| | 2009 | 2008 |
|---|---|---|
| Leave Pay | 909 196 | 601 799 |
| | **909 196** | **601 799** |

## 7 Unspent Conditional Grants

| | 2009 | 2008 |
|---|---|---|
| Capacity Support Grant | 70 190 | 70 190 |
| feasibility Study | 39 261 | 39 261 |
| IDP Grant | 14 000 | 91 042 |
| MSIG IDP Grant | 1 253 | 1 253 |
| Municipal System Improvement Grant | 259 095 | 19 716 |
| MSIG PMS | 32 359 | 32 359 |
| Financial Management Grant | 520 175 | 368 895 |
| MFMA Grant | - | 73 335 |
| Retension | 95 156 | 76 463 |
| MDP Capacity Building | 189 626 | 398 044 |
| Anti- Corruption | 134 500 | 134 500 |
| MAP Project Consolidated | 387 791 | 22 091 |
| project Consolidate | 127 419 | 1 781 000 |
| Inter Dep Monitoring | 15 419 | 19 648 |
| Project Rates Implimentation | 1 409 | 1 409 |
| Valuation Roll | 370 000 | 370 000 |
| MPRA-Ilembe | 28 869 | 28 869 |
| GIS Fund | 246 468 | 246 468 |
| Municipal Infrastructure Grant | 793 770 | - |
| Local Govn SETA | 173 587 | 142 327 |
| Agri Sector Plan | - | 1 215 |
| Internal Controls | 150 000 | 150 000 |
| Arts and Craft | 78 947 | 15 737 |
| Infrastructure Investment Plan | 14 622 | 14 622 |
| Public Participation | 42 495 | 334 427 |
| Human Resource System | - | 83 000 |
| Induction Training Grant | 10 745 | 10 745 |
| Corrido Development | - | 500 000 |
| Urban Design Framework | 17 193 | 56 251 |
| Maphumulo Nursary | 421 275 | 421 275 |
| Taitanuim Mining | 100 000 | 100 000 |
| Housing Sector Plan | - | 3 450 |
| Operational Support MPCC | 500 000 | 500 000 |
| Kwashushu Hotsprings | 500 000 | - |
| CCJC Woman | 4 050 | 180 000 |
| | **5 339 673** | **6 287 590** |

*See APPENDIX D for reconciliation of grants from other spheres of government. These amounts are invested until utilised*

**8 Property, Plant & Equipment**

| | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| **Description** | **Cost** | **Accumulated Depreciation** | **Carrying Value** | **Cost** | **Accumulated Depreciation** | **Carrying Value** |
| Land & Buildings | 12 086 559 | 1 470 671 | 10 615 888 | 10 116 573 | 985 350 | 9 131 223 |
| Infrsutructure | 15 439 601 | 1 619 183 | 13 820 418 | 5 543 761 | 1 141 725 | 4 402 036 |
| Plant & Machinery | 3 349 137 | 1 320 601 | 2 028 535 | 2 843 787 | 974 670 | 1 869 117 |
| Vehicles | 834 885 | 402 625 | 432 260 | 1 024 189 | 388 858 | 635 331 |
| Computer Equipment | 421 763 | 184 106 | 237 657 | 928 767 | 130 728 | 798 039 |
| Equipment | 269 952 | 182 605 | 87 347 | 355 365 | 148 824 | 206 541 |
| Furniture & Fittings | 683 461 | 401 842 | 281 619 | 755 687 | 322 936 | 432 751 |
| Work In Progress (WIP) | 6 656 604 | - | 6 656 604 | 17 538 055 | - | 17 538 055 |
| | **39 741 962** | **5 581 634** | **34 160 329** | **39 106 184** | **4 093 090** | **35 013 094** |

**Reconciliation of Property, Plant & Equipment**

| | **Opening Balance** | **Additions** | **Disposals** | Transfares | **Depreciation** | **Total** |
|---|---|---|---|---|---|---|
| Land & Buildings | 9 131 223 | 1 969 986 | - | | 485 321 | 10 615 888 |
| Infrsutructure | 4 402 036 | 9 895 840 | - | | 477 457 | 13 820 418 |
| Plant & Machinery | 1 869 117 | 506 000 | (650) | | 345 932 | 2 028 535 |
| Vehicles | 635 331 | - | (128 771) | | 74 300 | 432 260 |
| Computer Equipment | 798 039 | 96 742 | (603 747) | | 53 378 | 237 657 |
| Equipment | 206 541 | 4 308 | (89 721) | | 33 781 | 87 347 |
| Furniture & Fittings | 432 751 | 89 675 | (161 901) | | 78 906 | 281 619 |
| Work In Progress (WIP) | 17 538 055 | 8 170 711 | | (19 052 162) | - | 6 656 604 |
| | **35 013 094** | **20 733 262** | **(984 789)** | **(19 052 162)** | **1 549 076** | **34 160 329** |

**Assets subject to Finance Lease (Net carrying amount)**
**Included in** **-**

Motor Vehicles 178 988

The Municipality has taken advantage of the transitional provisions as set out in paragraph 75 and 78 of GRAP 17. Interms of par 78, the Municipality ois not required measure clasess of PPE for reporting periods beginning on or after the date within 3 years following the date of initial adoption of the standard of GRAP.

**9 Investment Property**

| | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| | **Cost** | **Accumulated Depreciation** | **Carrying Value** | **Cost** | **Accumulated Depreciation** | **Carrying Value** |
| MPCC Building | 13 107 063 | (109 227.00) | 12 997 836 | **-** | - | - |

| | **Opening Balance** | **Additions** | **Disposals** | **Depreciation** | **Total** |
|---|---|---|---|---|---|
| MPCC Building | - | **13 107 063.03** | **-** | **109 227.00** | 12 997 836.03 |

**10 Intangible Assets**

| | 2009 | | | 2008 | | |
|---|---|---|---|---|---|---|
| **Description** | **Cost** | **Accumulated Armotisation** | **Carrying Value** | **Cost** | **Accumulated Armotisation** | **Carrying Value** |
| Computer Software | 100 342 | (42 277) | 58 065 | 300 007 | (28 458) | 271 549 |

**Reconciliation of Intangible Assets**

| | **Opening Balance** | **Additions** | **Disposals** | **Armotisation** | **Total** |
|---|---|---|---|---|---|
| Computer Software | 271 549 | 6 491 | (206 156) | (13 818) | **58 065** |

**11 Investments**

**Held to Maturity Investments**

| | 2009 | 2008 |
|---|---|---|
| FNB 1 | 263 616 | 239 217 |

**Avaliable for Sale Investments**

| | 2009 | 2008 |
|---|---|---|
| ABSA Call Account | 188 058 | 6 872 |
| FNB 2 | 4 833 464 | 4 834 524 |
| FNB 3 | - | 1 974 142 |
| FNB 4 | 7 451 644 | - |
| ABSA 9 | 772 218 | 3 107 941 |
| | **13 245 383** | **9 923 479** |

The Municipal Financial Management Act, 2003 (Act 56 of 2003) requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty interest rate to meet commitments.

**12 Long Term Receivables**

| | 2009 | 2008 |
|---|---|---|
| Long Term debtors | 71 257 | 105 786 |
| Less: Current portion Transferred to current receivables | **-** | - |
| Less: Provision for Bad debts | | |
| | **71 257** | **105 786** |

| **Reconciliation of the provision for bad debts:** | 2009 | 2008 |
|---|---|---|
| Balance at the beginning of the year | - | **-** |
| Contribution to the provision | - | **-** |
| | - | **-** |

**13 Other Debtors**

| | 2009 | 2008 |
|---|---|---|
| Salary Advances | 18 177 | 5 964 |
| IEC | 311 | 311 |
| Neblon Construction | 48 358 | 48 358 |
| Game Stores | 13 124 | 7 498 |
| Rental | 107 609 | 28 138 |
| Ilembe rural development grant | 100 000 | - |
| V Mhlongo | 2 452 | - |
| Gijima agricultural sect or plan grant | 8 020 | - |
| VAT Accruals | 796 167 | 354 126 |
| Input VAT | 188 187 | 1 047 271 |
| | 1 282 405 | 1 491 665 |
| Less: Provision for Bad debts | (215 759) | (18 037) |
| | **1 066 647** | **1 473 628** |

| **Reconciliation of the provision for bad debts:** | | |
|---|---|---|
| Balance at the beginning of the year | 18 037 | - |
| Contribution to the provision | 197 722 | 18 037 |
| | **215 759** | **18 037** |

**14 Call Investment Deposits**

| Account Description & Number | Opening Balance | Deposits | Interest | Payments | Closing Balance |
|---|---|---|---|---|---|
| ABSA Call A/C #: 915847532 | 6 872.03 | 2 180 703.11 | 483 | 2 000 000.00 | **188 057.93** |

**15 Bank and Cash**

The Municipality has the following bank accounts:-

**15.1 Cash Investments**

| Account Description & Number | Opening Balance | Deposits | Interest | Payments | Closing Balance |
|---|---|---|---|---|---|
| FNB - Investment A/C Account #:71044342667**** | 230 888.42 | - | 32 727 | - | **263 615.52** |
| FNB -Investment A/C Account #:74105603986 | 4 808 210.68 | - | 536 853 | 511 600.18 | **4 833 463.68** |
| FNB -Investment A/C Account #:74115378149 | 1 961 245.86 | - | 147 597 | 2 108 842.49 | **-** |
| FNB -Investment A/C Account #:62207539795 | 10 000 000.00 | - | 451 869 | 3 000 225.00 | **7 451 643.64** |
| ABSA -Investment A/C Account #: 206822330 | 3 081 273.59 | - | 190 944 | 2 500 000.00 | **772 217.75** |
| ABSA - Investment A/C Account #: 2068887614 | 2 108 842.03 | - | 71 861 | 2 180 703.11 | **-** |
| | | | | | **13 320 941** |

**** Account has been cedded to FNB as surety for the Electronic Banking Facility.

**15.2 Current Accounts Held by the Municipality**

| Account Description & Number | Opening Balance | Deposits | Payments | Closing Balance |
|---|---|---|---|---|
| FNB -Current A/C Account #:62023868998 | 610 132.82 | 5 150 147 | 4 084 790.49 | 1 675 489.70 |
| ABSA - Current A/C Account #: 4056102866 | 691 017.58 | 230 048.10 | 17 540.61 | 903 525.07 |
| | | | | **2 579 014.77** |

| **16 Government Grants and Subsidies** | **2009** | **2008** |
|---|---|---|
| Equitable Share | 20 656 870 | 16 236 887 |
| feasibility Study | | |
| IDP Grant | 77 042 | 102 732 |
| MSIG Grant | - | 8 947 |
| Land Use Management | - | (48 300) |
| MSIG Land Use Management | - | 39 200 |
| Municipal System Improvement Grant | 367 773 | 1 043 769 |
| MSIG PMS | - | 6 250 |
| Internship Grant | - | 405 886 |
| Financial Management Grant | 347 622 | |
| Retetion | - | 5 530 |
| MFMA Grant | 73 335 | - |
| MDP Capacity Building | 208 417 | 380 925 |
| MAP Project Consolidated | 34 300 | - |
| Project Consolidate | 1 653 581 | |
| Inter-Departmental Monitoring | 4 228 | 6 685 |
| Property Rates Implementation | - | 37 366 |
| MPRA Illembe | - | 60 941 |
| GIS Funds | - | 42 372 |
| Municipal Infrastructure Grant | 7 897 082 | 7 664 954 |
| Housing Mabomvini | - | 217 000 |
| Housing Nodunga | - | 251 220 |
| Local Government SETA | 16 184 | - |
| Gijima KZN | - | (58 339) |
| Agri Sector Plan Gijima KZN | 1 215 | 38 505 |
| Art & Craft | - | 34 831 |
| INF Investment Plan | - | 233 984 |
| Public Participation | 291 931 | 15 573 |
| Human Resource System | 83 000 | - |
| Corrido Development | 500 000 | - |
| Urban Design Framework | 39 058 | 93 749 |
| Maphumulo Nursary | - | 78 725 |
| Housing Sector Plan | 95 850 | 146 200 |
| CCJC Woman | 175 950 | - |
| | **32 523 439** | **27 045 592** |

| **16.1 Equitable Share** | **2009** | **2008** |
|---|---|---|
| National Grant - Equitable Share | **20 656 870** | **16 236 887** |

Equitable share is a grant received from National Treasury for administration, Provision of free basic services and service delivery

| **16.2 IDP Grant** | **2009** | **2008** |
|---|---|---|
| Opening balance | 91 042 | 29 095 |
| Current year receipts | - | 164 680 |
| Conditions met - transferred to revenue | - | (102 733) |
| | **91 042** | **91 042** |

| **16.3 Municipal System Improvement Grant** | **2009** | **2008** |
|---|---|---|
| Opening balance | 19 715 | 329 485 |
| Current year receipts | - | 734 000 |
| Conditions met - transferred to revenue | - | (1 043 770) |
| | **19 715** | **19 715** |

| **16.4 Financial Management Grant** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | 274 781 |
| Current year receipts | - | 500 000 |
| Conditions met - transferred to revenue | (347 622) | (405 886) |
| | **(347 622)** | **368 895** |

This grant is funded by National Treasury to assist Local Government Pilot Municipality with Financial Management and Budget Reforms, as part of the National Reform program. No funds have been withheld.

| **16.5 MFMA Grant** | **2009** | **2008** |
|---|---|---|
| Opening balance | 73 335 | 73 335 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | (73 335) | - |
| | - | **73 335** |

| **16.6 MDP Capacity Building** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | 749 737 |
| Current year receipts | - | 29 232 |
| Conditions met - transferred to revenue | - | (380 925) |
| | **-** | **398 044** |

| **16.7 MAP Project Consolidate** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | 22 091 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | - | - |
| | **-** | **22 091** |

| **16.8 Inter-Departmental Monitoring** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | 25 753 |
| Current year receipts | - | 580 |
| Conditions met - transferred to revenue | - | (6 685) |
| | **-** | **19 648** |

| **16.9 Municipal Infrastructure Grant** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | 2 429 547 |
| Current year receipts | 8 690 852 | 5 236 407 |
| Conditions met - transferred to revenue | (7 897 082) | (7 665 954) |
| | **793 770** | **-** |

This grant is used to construct roads and sewerage infrastructure as part of the capital expenditure (included in the roads and sewerage votes in Appendix B). No funds have been withheld.

| **16.10 Local Government SETA** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | 75 000 |
| Current year receipts | - | 67 327 |
| Conditions met - transferred to revenue | - | - |
| | **-** | **142 327** |

| **16.11 Public Participation** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | 250 000 |
| Current year receipts | - | 100 000 |
| Conditions met - transferred to revenue | - | (15 573) |
| | **-** | **334 427** |

| **16.12 Human Resource System** | **2009** | **2008** |
|---|---|---|
| Opening balance | 83 000 | 83 000 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | (83 000) | - |
| | **-** | **83 000** |

| **16.13 Corrido Development** | **2009** | **2008** |
|---|---|---|
| Opening balance | 500 000 | - |
| Current year receipts | | 500 000 |
| Conditions met - transferred to revenue | (500 000) | - |
| | **-** | **500 000** |

| **16.14 Urban Design Framework** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | - |
| Current year receipts | - | 150 000 |
| Conditions met - transferred to revenue | - | (93 749) |
| | **-** | **56 251** |

| **16.15 Housing Sector Plan** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | - |
| Current year receipts | - | 149 650 |
| Conditions met - transferred to revenue | - | (146 200) |
| | **-** | **3 450** |

| **16.16 CCJC Woman** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | - |
| Current year receipts | - | 180 000 |
| Conditions met - transferred to revenue | - | - |
| | **-** | **180 000** |

| **16.16 Agriculture Sector Plan Capacity Building** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | - |
| Current year receipts | - | 39 720 |
| Conditions met - transferred to revenue | (1 215) | (38 505) |
| | **(1 215)** | **1 215** |

| **16.17 Project Consolidate** | **2009** | **2008** |
|---|---|---|
| Opening balance | 1 781 000 | 1 781 000 |
| Current year receipts | - | - |
| Conditions met - transferred to revenue | (1 653 581) | - |
| | **127 419** | **1 781 000** |

| **16.18 Retention** | **2009** | **2008** |
|---|---|---|
| Opening balance | 76 463 | 57 310 |
| Current year receipts | 18 693 | 24 682 |
| Conditions met - transferred to revenue | - | (5 520) |
| | **95 156** | **76 472** |

| **16.19 Arts & Crafts** | **2009** | **2008** |
|---|---|---|
| Opening balance | 15 737 | - |
| Current year receipts | 63 210 | 50 568 |
| Conditions met - transferred to revenue | - | (34 831) |
| | **78 947** | **15 737** |

| **16.19 Kwashushu Hotsprings** | **2009** | **2008** |
|---|---|---|
| Opening balance | - | - |
| Current year receipts | 500 000 | - |
| Conditions met - transferred to revenue | - | - |
| | **500 000** | **-** |

| **17 Other Income** | **2009** | **2008** |
|---|---|---|
| Rentals | 196 620 | 128 549 |
| Interest from Investments | 1 417 688 | 1 344 815 |
| Other Income | 97 708 | 16 819 |
| | **1 712 016** | **1 490 183** |

| **18 Employee Related Costs** | **2009** | **2008** |
|---|---|---|
| Salaries and wages | 5 804 572 | 5 143 611 |
| Housing Subsidy | 101 001 | 102 834 |
| Medical Aid | 224 981 | 224 620 |
| Pension/ Provident/RAF | 628 927 | 640 563 |
| Group Life | 29 218 | 66 346 |
| Car/ Vehicle Allowences | 629 129 | 390 721 |
| | **7 417 827** | **6 568 695** |

| **Renumeration of the Municipal Manager** | **2009** | **2008** |
|---|---|---|
| Annual Renumeration | 485 154 | 396 053 |
| Travel Allowance | 162 687 | 146 884 |
| Housing | 6 000 | 6 000 |
| Other Allowances | 25 668 | - |
| Medical Aid & Pension Fund Contributions | 79 885 | 10 476 |
| | **759 394** | **559 413** |

| **Renumeration of the Chief Financial Officer** | **2009** | **2008** |
|---|---|---|
| Annual Renumeration | 328 102 | - |
| Travel Allowance | 135 000 | - |
| Other Allowances | 13 912 | - |
| Medical Aid & Pension Fund Contributions | - | - |
| | **477 014** | **-** |

| **Renumeration of the Director:Support Services** | **2009** | **2008** |
|---|---|---|
| Annual Renumeration | 45 423 | 231 999 |
| Travel Allowance | 26 333 | 116 078 |
| Housing | 558 | 3 000 |
| Other Allowances | 1 642 | 3 845 |
| Leave Encashment | 22 146 | 16 542 |
| Medical Aid & Pension Fund Contributions | 3 920 | 44 465 |
| | **100 022** | **415 929** |

| **Renumeration of the Director:Strategic Services** | **2009** | **2008** |
|---|---|---|
| Annual Renumeration | 174 529 | - |
| Travel Allowance | 70 000 | - |
| Medical Aid & Pension Fund Contributions | 3 412 | - |
| | **247 941** | **-** |

The municipality's employees are members of the following benefits schemes:

KwaZulu Natal, Maphumulo Municipality participates in a multi employer KwaZulu Natal, Maphumulo Municipality participates in a multi employer defined benefit plan. The plan exposes the participating entities to actural risk defined benefit plan. The plan exposes the participating entities to actural risk KwaZulu Natal, Maphumulo Municipality participates in a multi employer defined benefit plan. The plan exposes the participating entities to actural risk associated with current and former employees of other municipalities participating in the plan. KwaZulu Natal, Maphumulo Municipality participates in a multi employer defined benefit plan.

The plan exposes the participating entities to actural risk Therefore there is no consistence and reliable basis of allocating the obligations plan assets and costs to individual municipalities participating in the plan. Maphumulo Municipality account for the plan as if it were defined contribution plan. The funding valuation which is compactible with GRAP.not drawn up on the basis of assumption.

| **19 Renumeration of Councillors** | **2009** | **2008** |
|---|---|---|
| Mayor's Allowance | 439 717 | 359 759 |
| Councillors' Allowances | 2 896 776 | 2 566 245 |
| Cell Phone Allowances | 206 193 | 181 814 |
| Councillors' Pension Fund Contributions | 232 152 | 212 214 |
| Councillors' Medical Aid Contributions | 63 001 | 60 131 |
| | **3 837 839** | **3 380 163** |

| **20 Interest Paid** | **2009** | **2008** |
|---|---|---|
| Long Term Liabilities | **39 071** | - |

| **21 General Expenses** | **2009** | **2008** |
|---|---|---|
| Advertising | 116 190 | 48 000 |
| Audit Committee | 82 566 | - |
| Bank Charges | 72 167 | 60 292 |
| Bad Debts | 215 680 | 403 653 |
| Cleaning Services | 128 947 | 97 961 |
| Electrcity and water | 213 430 | 51 029 |
| Entertainment and receiption | 94 681 | 94 172 |
| Emergency relief & disaster | 1 904 | - |
| Fuel and Oil | 436 044 | 413 255 |
| Free basic Services | 426 076 | - |
| Insurance | 166 336 | 186 716 |
| Insurance UIF | 43 139 | 39 359 |
| Internal Audit | 42 114 | 188 193 |
| Security | 541 012 | 481 075 |
| Legal/ Consulting Fees | 94 503 | 74 175 |
| Licences | 33 224 | 26 496 |
| Led projects | 113 608 | - |
| Mayoral Office | 250 660 | 269 832 |
| Membership fees | 60 717 | 26 939 |
| Medical Exams | 6 600 | 1 650 |
| Postal Services | 1 245 | 1 570 |
| Printing and Stationery | 194 645 | 145 071 |
| Publicity / Community Awareness | 42 347 | 225 307 |
| Purchase of books | 1 469 | 1 953 |
| Rent - Plant, Vehicles and Other | 572 488 | 463 240 |
| Skills Development Levy | 95 435 | 92 751 |
| Small Tools | 5 690 | 6 586 |
| Stores and Materials | 1 750 | 30 874 |
| Subsistence and travel Conferences | 290 518 | 271 449 |
| Ward Committees | 60 991 | 37 489 |
| Sundries | (2 452) | 939 |
| Sports | 379 308 | - |
| Telephone | 456 450 | 383 689 |
| Training | 46 608 | 36 176 |
| Uniforms | 8 858 | 12 418 |
| Workshop / Conferences / Meeting | 229 176 | 268 729 |
| Youth Development | 34 614 | - |
| Ward Events | 290 278 | **129 553** |
| | **5 849 016** | **4 570 590** |

**MAPHUMULO LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

| **22 Cash Generated by Operations** | **2009** | **2008** |
|---|---|---|
| Surplus/(Deficit) for the year | 10 346 324 | 11 730 858 |
| **Adjustment for:** | | |
| Depreciation | 1 672 124 | (1 399 235) |
| Investment Income | (1 417 688) | (1 344 815) |
| Finance Cost | 39 072 | - |
| Adjusment | - | 64 454 |
| Loss on disposal on assets | 1 190 945 | |
| Contribution to/from provisions | 307 397 | 8 186 308 |
| **Operating surplus before working capital changes:** | | |
| Less: Working capital changes | | |
| (Increase ) / Decrease in Grants | (947 917) | (1 583 930) |
| (Increase ) / Decrease in Provisions | | (2 163) |
| Decrease in receivables | 406 982 | (1 348 872) |
| Decrease in trade and other payables | (1 354 946) | 2 582 789 |
| (Increase ) / Decrease in VAT | | 612 265 |
| **Cash generated from operations** | **10 242 293** | **17 497 660** |

| **23 Cash & Cash Equivalents** | **2009** | **2008** |
|---|---|---|
| Bank balances and cash | 3 921 765 | - |
| Bank Overdraft | - | (243 503) |
| | **3 921 765** | **(243 503)** |

| **24 Utilisation of Long Term Liabilities Reconciliation** | **2009** | **2008** |
|---|---|---|
| Long-term liabilities | 10 000 000 | - |
| Used to finance property, plant & equipment - at cost | (3 000 000) | - |
| **Cash invested for repayment of long-term liabilities** | **7 000 000** | **-** |

**25 Tax**

No provision for tax has been made as the municipality is exempt in terms of Section 10 (1) (cM) of the Income Tax Act.

| 26 **Commitments in respect of Capital Expenditure:** | | |
|---|---|---|
| Approved and Contracted | | |
| Infrustructure | 3 246 592 | 11 324 630 |
| Land & Buildings | 8 583 045 | - |
| Other | 40 050 | - |
| | | |
| Approved anf not yet contracted | | |
| Infrustructure | 100 000 | |
| Land & Buildings | 190 500 | 10 754 000 |
| | | |
| **This expenditure will be financed from:** | | |
| Equitable Share & Other Grants | **12 160 187** | **22 078 630** |

**27 Contingent Liabilities**

The Municipality concluded an agreement with Fijutsi Siemens to provide a financial system, manage the migration to the new system and provide adequate training to staff on all modules purchased with the new system. The agreement also included managing the conversion process to GRAP and providing the municipality with 2008/09 GRAP compliant Annual Financial Statements. The contract was for R 843,000 exclusive of VAT, and incoporated all the services as per the agreement. An Invoice of R1,200 000 was submitted by the service provider however management refused to settle the invoice since management was of the opinion that the project was not implemented as per the agreement. Furthermore staff were not adequately trained as was required by the agreement. This lead to a dispute which may result in litigation between the the municipality and the service provider.
A Guarantee of R 10,200 was provided to Eskom as colletaral for a deposit for provision of Electricity.

**28 Financial Instruments**

Exposure to currency, interest rate, credit risk and liquidity risks arise in the normal course of the Municipalities's business

**Financial Risk Management**

The Municipalities has exposure to the following risks from its use of financial instruments:

Liquidity Risk
Interest Rate Risk
Credit Risk

This note presents information about the Municipality's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risks.
Further quantitative disclosures are included throughout these financial statements

The Council and the Accounting Officer have overall responsibility for the establishment and oversight of the Municipality's risk management framework. The Municipality's risk management policies are established to identify and analyse the risks faced by the Municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Municipality's activities.

The Municipality through its training and management standards and procedures, aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations

| **Financial Assets** | **2009** | **2008** |
|---|---|---|
| Loans & Other Receivables | **14 575 644** | **11 636 324** |
| Investments | 13 508 999 | 10 162 697 |
| Trade and other receivables | 1 066 646 | 1 473 628 |
| **Financial Liabilities** | | |
| Loans & Other Payables | **17 396 592.80** | **10 390 518.81** |
| Loans Received | 10 697 279.00 | - |
| Trade & other Payables | 1 079 006 | 3 775 801 |
| Finace Lease | 280 634.37 | 327 126.85 |
| Unspent Grants | 5 339 673.66 | 6 287 590.86 |

The Accounting Officer is of the opinion that the values reflected in the Financial statements are a true reflection of Fair values of both the Financial Assets and Liabilities.

**Basis of determining Fair value**
***Trade and other Receivables/Payables***

The fair value of trade & other recevable is estimated to be the actual receipts exepected adjusted for possibility of doubtful debt.
Payables are settled within 30 days of receipt of invoice and therefore are reflected at the settlement amount.

***Liquidity Risk***

Liquidity risk is the risk that the Municipality will encounter difficulty in raising funds to meet its commitments. The Municipality's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Municipality's reputation. The bulk portion of investments held are short term and can be converted when required. The loan raised was raised for the development of the Municipal Offices at a fixed rate through out the period of repayment.

***Interest Rate Risk***

and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the Municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment.

Balances exposed to the interest rate risk

| | **2009** | **2008** |
|---|---|---|
| Investments | 13 245 383 | 9 923 479 |
| Cash & Cash investment | 3 921 765 | -243 503 |
| | **17 167 148** | **9 679 976** |

***Credit Risk***

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to the Municipality, thereby causing financial loss to the Municipality. It is the Municipality's policy that all customers who wish to trade on credit terms are subject to payment of a deposit. In addition, receivable balances are monitored on an ongoing basis with the result that the Municipality's exposure to bad debts is not significant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

| | 2009 | 2008 |
|---|---|---|
| Trade and other receivables | 1 066 645.51 | 1 473 627.68 |
| Long Term Liabilities | 71 256.98 | 105 786.00 |
| | **1 137 902.49** | **1 579 413.68** |

The ageing of trade receivables at the reporting date was

| | 2009 Gross | 2009 Impairment | 2008 Gross | 2008 Impairment |
|---|---|---|---|---|
| Current | 888 828 | - | 1 421 835 | - |
| Pat Due: 0 - 30 | 17 865 | - | 3 540 | - |
| Pat Due: 31 - 120 | 30 158 | 15 182 | 4 879 | - |
| More than 120 | 129 142 | 129 142 | 46 176 | 18 037 |

**29 Related Parties**

The Muncipal Manager is the chairperson of the IEC within the Municipal jurisdiction. The IEC has rented office space from the municipality.
The transactions entered into during the year by the Municicpality na the IEC are as follows:

| | | |
|---|---|---|
| Rental Income for the year | R | 25 797.20 |
| Accounts receivable from the IEC | R | 12 435.00 |

There were no other related parties transactions during the year.

**28 Additional Disclosures In Terms Of The Municipal Finance Management Act**

**28.1 Contributions to organized local government**

| | 2009 | 2008 |
|---|---|---|
| Council contributions | - | - |
| Amounts Paid - CurrentYear | 60 717 | 3 784 |
| Other | - | - |
| | **60 717** | **3 784** |

**28.2 Audit Fees**

| | 2009 | 2008 |
|---|---|---|
| Opening Balance | 3 078 | - |
| Current Year Fee | 1 029 216 | 280 406 |
| Amounts Paid - CurrentYear | (1 032 294) | (277 328) |
| Amounts Paid - PreviousYear | - | |
| | **-** | **3 078** |

**28.3 VAT**

VAT inputs receivables and VAT outputs receivables are shown in note 8
All VAT returns have been submitted by the due date throughout the financial year.

**28.4 PAYE & UIF**

| | 2009 | 2008 |
|---|---|---|
| Opening Balance | - | - |
| Current Year Payroll Deductions | 1 688 819 | 80 842 |
| Amounts Paid - CurrentYear | (1 688 819) | (80 842) |
| Amounts Paid - PreviousYear | | |
| | - | - |

**28.5 Pension Fund & Medical Aid**

| | 2009 | 2008 |
|---|---|---|
| Opening Balance | - | - |
| Current Year Payroll Deductions and Councillors' contribution | 1 672 818 | 1 664 872 |
| Amounts Paid - CurrentYear | (1 672 818) | (1 664 872) |
| Amounts Paid - PreviousYear | - | - |
| | - | - |

**29 Operating Leases**

The amounts of minimum lease payments under non-cancellable operating leases in respect of photocopier equipment are as follows for:

| | Equipment | Vehicles |
|---|---|---|
| - Within one year | 32 520 | 51 408 |
| - In second to fifth year inclusive | 97 560 | - |
| - Beyond five years | - | - |

**30 Unauthorised, Friutless & Irregular Expenditure**

| **30.1 Unauthorised Expenditure** | **2009** | **2008** |
|---|---|---|
| Opening Balance | | - |
| Unauthorised expenditure awaiting authorisation | | 388 160 |
| Unauthorised expenditure sunsequently approved | | (388 160) |
| Unauthorised expenditure for the year | **-** | **-** |

| **30.2 Fruitless & Wasteful Expenditure** | **2009** | **2008** |
|---|---|---|
| Opening Balance | | |
| Friutless expenditure Curret year | - | - |
| | - | - |
| Fruitless & Wasteful expenditure awaiting condonement/payment | - | - |

| **30.3 Irregular Expenditure** | **2009** | **2008** |
|---|---|---|
| Opening Balance | - | - |
| Irregular expenditure Curret year | - | - |
| Irregular expenditure awaiting condonement/payment | - | - |

**APPENDIX A - SCHEDULE OF EXTERNAL LOANS**

| EXTERNAL LOANS | Repayment Date | Interest Rate % | Balance as at 30 June 2009 | Redeemed during the year | Balance as at 30 June 2008 | Carriying Value of Property, |
|---|---|---|---|---|---|---|
| FNB Loan | 31 December 2018 | 14.150% | 10 000 000.00 | - | 10 000 000 | 4 672 620 |
| Finance Leases | 30 June 2010 | Prime - 1% | 61 355.00 | 280 634 | 341 990 | 178 988 |

**MAPHUMULO LOCAL MUNICIPALITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2009**

---

**ACTUAL vs**

| DESCRIPTION | BUDGET | ADJUSTMENTS | ADJUSTED BUDGET | ACTUAL | % UTILISED | EXPLANATION FOR VARIANCES |
|---|---|---|---|---|---|---|
| **INCOME** | | | | | | |
| RENTALS | (100 000) | (19 279) | (119 279) | (196 620) | 164.84 | OUR |
| EQUITABLE CHAIR | (18 657 204) | - | (18 657 204) | (20 656 870) | 110.72 | TREASURY INCREASE THE ALLOCA |
| FREE BASIC SERVICES | (1 218 796) | 1 218 796 | - | | | |
| FINANCE MANAGEMENT GRANT | (500 000) | - | (500 000) | | - | |
| MUNICIPAL SYSTEMS IMPROVEMENT GRANT | (735 000) | - | (735 000) | | - | |
| MUNICIPAL INFRASTRUCTUR GRANT | (9 202 000) | | (9 202 000) | | | |
| PROVINCIAL GRANT | (43 750 000) | 43 000 000 | (750 000) | | - | |
| INTEREST ON INVESTMENT | (1 366 464) | - | (1 366 464) | (1 409 360) | 103.14 | INCREASED |
| OTHER INCOME | (30 000) | (3 182 867) | (3 212 867) | (98 654) | 3.07 | |
| HALL HIRING SERVICES | (5 000) | (11 942) | (16 942) | (6 050) | 35.71 | |
| HOUSING | - | (43 000 000) | (43 000 000) | | - | |
| ACCUMULATED SURPLUS | (7 363 295) | 7 363 295 | - | | | |
| | **(82 927 759)** | **5 368 003** | **(77 559 756)** | **(22 367 554)** | | |
| **EMPLOYEE SALARIES & WAGES** | | | | | | |
| SALARIES | 8 078 130 | (841 304) | 7 236 826 | 5 860 113 | 80.98 | |
| HOUSING SUBSIDY | 468 864 | (301 896) | 166 968 | 101 001 | 60.49 | |
| MEDICAL AID | 1 093 488 | (823 784) | 269 704 | 224 981 | 83.42 | |
| PENSION/PROVIDENT/RAF | 958 451 | (427 269) | 531 182 | 628 927 | 118.40 | |
| GROUP LIFE | 30 456 | 33 682 | 64 138 | 29 218 | 45.55 | |
| CAR/VEHICLE ALLOWANCE | 360 000 | (69 000) | 291 000 | 629 129 | 216.20 | FOR S57 |
| | **10 989 389** | **-2 429 571** | **8 559 818** | **7 473 369** | | |
| **COUNCILLORS ALLOWANCES** | | | | | | |
| SALARIES | 2 539 735 | 460 265 | 3 000 000 | 3 336 493 | 111.22 | TREND USED |
| CELLPHONE ALLOWANCES | 208 596 | 1 404 | 210 000 | 206 193 | 98.19 | |
| PENNSION | 507 947 | (157 947) | 350 000 | 232 152 | 66.33 | |
| MEDICAL AID | 243 360 | 556 640 | 800 000 | 63 001 | 7.88 | |
| | **3 499 638** | **860 362** | **4 360 000** | **3 837 839** | | |
| **GENERAL EXPENSES** | | | | | | |
| ADVERTISING | 34 352 | 30 648 | 65 000 | 116 190 | 178.75 | MPRA WERE |
| AGRICULTURE | 300 000 | 100 000 | 400 000 | - | - | |
| AUDIT COMMITTEES | 72 000 | - | 72 000 | | | SPENT ON |
| BAD DEBTS | - | - | - | - | (100.00) | NOT INCLUDED |
| BANK CHARGES | 66 397 | 18 603 | 85 000 | 63 838 | - | |
| CLEANING SERVICES | 25 000 | 205 000 | 230 000 | 128 947 | 56.06 | |
| ELECTRICITY AND WATER | 90 000 | 80 000 | 170 000 | 213 430 | 125.55 | INCREASED |
| ENTERTAINMENT AND RECEPTION | 68 650 | 45 546 | 114 196 | 94 681 | 82.91 | |
| FUEL AND OIL | 325 000 | 82 962 | 407 962 | 436 044 | 106.88 | |
| INSURANCE | 350 000 | - | 350 000 | 166 336 | 47.52 | |
| INSURANCE - UIF | 90 000 | (47 733) | 42 267 | 43 139 | 102.06 | EMPLOYEES |
| INSURNACE - WCA | 27 000 | - | 27 000 | - | - | |
| SKILLS DEVELOPMENT LEVY | 90 000 | (25 000) | 65 000 | 95 435 | 146.82 | EMPLOYEES |
| LEGAL FEES | 34 500 | 115 500 | 150 000 | 38 961 | 25.97 | |
| LICENCES | 27 450 | (810) | 26 640 | 33 224 | 124.72 | |
| MEMBERSHIP FEES | 70 000 | 70 000 | 140 000 | 60 717 | 43.37 | |
| MEDICAL EXAMS | 4 000 | - | 4 000 | 6 600 | 165.00 | |
| POSTAL SERVICES | 4 500 | - | 4 500 | 1 245 | 27.66 | |
| PRINTING AND STATIONERY | 83 500 | 51 488 | 134 988 | 194 645 | 144.19 | EXPENDITURE |
| PUBLICITY/ COMMUNITY AWARENESS | 48 000 | 182 000 | 230 000 | 42 347 | 18.41 | |
| WARD COMMITEES | 120 000 | 30 000 | 150 000 | 60 991 | 40.66 | |
| PURCHASE OF BOOKS | 4 700 | 100 | 4 800 | 1 469 | 30.61 | |
| HIRE CHARGES | 375 000 | 25 000 | 400 000 | 572 488 | 143.12 | HIRED FROM |
| SECURITY | 500 000 | 100 000 | 600 000 | 541 012 | 90.17 | |
| SMALL TOOLS | 13 500 | - | 13 500 | 5 690 | 42.15 | |
| STORES AND MATERIALS | 30 000 | 6 490 | 36 490 | 1 750 | 4.80 | |
| SUBSISTENCE AND TRAVELLING | 235 000 | 10 000 | 245 000 | 297 514 | 121.43 | NEW |

| | | | | | | |
|---|---|---|---|---|---|---|
| TELEPHONE | 360 000 | 140 000 | 500 000 | 456 450 | 91.29 | |
| TRAINING | 62 000 | 18 383 | 80 383 | 46 608 | 57.98 | |
| WORKSHOPS AND CONFERENCES | 208 000 | 85 000 | 293 000 | 229 176 | 78.22 | |
| UNIFORMS | 33 000 | - | 33 000 | 8 858 | 26.84 | |
| PROVINCIAL MNGT. ASSISTANCE PROG. | 400 000 | (400 000) | - | | - | |
| SYNERGISTIC PARTNERSHIPS | 350 000 | (350 000) | - | | | |
| IDP REVIEW | 100 000 | (100 000) | - | | | |
| SPORTS | 200 000 | 200 000 | 400 000 | 379 308 | 94.83 | |
| LED PROJECTS | 200 000 | - | 200 000 | 113 608 | 56.80 | |
| HIV/ AIDS | 50 000 | 150 000 | 200 000 | | - | |
| EMERGENCY RELIEF | 30 000 | - | 30 000 | 1 904 | 6.35 | |
| WARD 1 EVENTS | 41 818 | - | 41 818 | 31 332 | 74.92 | |
| WARD 2 EVENTS | 31 818 | 63 | 31 881 | 71 932 | 225.63 | PASSED A |
| WARD 3 EVENTS | 21 818 | - | 21 818 | 21 383 | 98.00 | |
| WARD 4 EVENTS | 18 068 | - | 18 068 | 1 855 | 10.27 | |
| WARD 5 EVENTS | - | - | - | 21 175 | (100.00) | PASSED A |
| WARD 6 EVENTS | 31 818 | - | 31 818 | 38 443 | 120.82 | PASSED A |
| WARD 7 EVENTS | - | - | - | 31 445 | (100.00) | PASSED A |
| WARD 8 EVENTS | - | - | - | - | - | |
| WARD 9 EVENTS | 11 818 | - | 11 818 | 15 128 | 128.01 | PASSED A |
| WARD 10 EVENTS | 36 818 | - | 36 818 | 34 500 | 93.70 | |
| WARD 11 EVENTS | 21 818 | - | 21 818 | 23 086 | 105.81 | PASSED A |
| AUDIT PROVISIONS | 270 000 | 80 000 | 350 000 | 631 752 | 180.50 | SPENT ON |
| INTERNAL AUDIT FEES | 432 000 | (389 886) | 42 114 | 42 114 | 100.00 | |
| LEAVE ENCASHMENT | 100 000 | 150 000 | 250 000 | 211 428 | 84.57 | |
| BURSARIES AND STUDY AID | 43 400 | (10 000) | 33 400 | 8 710 | 26.08 | |
| FREE BASIC SERVICES | 1 218 796 | (870 023) | 348 773 | 386 256 | 110.75 | ELECTRICITY |
| REDEMPTION | 82 304 | (82 304) | - | | - | |
| INTEREST | 9 100 | (9 100) | - | | - | |
| SUNDRIES | - | - | - | - | | |
| YOUTH DEVELOPMENT | 40 000 | - | 40 000 | 25 000 | 62.50 | |
| YOUTH DEVELOPMENT | 100 000 | | 100 000 | 9 614 | 9.61 | |
| YOUTH DEVELOPMENT | 21 818 | | 21 818 | - | - | |
| | **7 614 761** | **-308 073** | **7 306 688** | **6 057 758** | | |
| **REPIRS AND MAINTENANCE** | | | | | | |
| BUILDINGS | 240 000 | 200 000 | 440 000 | 448 298 | 101.89 | MPCC NOT |
| ROADS | 80 000 | - | 80 000 | - | - | |
| COMPUTERS | 182 603 | (179 703) | 2 900 | 18 229 | 628.59 | FOR NEW |
| FURNITURE AND EQUIPMENT | 8 400 | 9 000 | 17 400 | 11 335 | 65.14 | |
| VEHICLES | 228 980 | 11 714 | 240 694 | 326 078 | 135.47 | |
| **TOTAL OPERATING EXPENDITURE** | **739 983** | **41 011** | **780 994** | **803 940** | | |

**APPENDIX C - ACTUAL vs BUDGET (Acquisition of Property, Plant & Equipment)**

| DESCRIPTION | BUDGET | ADJUSTMENTS | ADJUSTED BUDGET | ACTUAL | % UTILISED |
|---|---|---|---|---|---|
| LAND & BUILDINGS | 17 007 000 | - | 17 007 000 | 15 365 527 | 58% |
| INFRUSTRUCTURE | 12 785 386 | (3 583 386) | 9 202 000 | 9 202 000 | 100% |
| PLANT & EQUIPMENT | 100 000 | - | 100 000 | - | - |
| COMPUTERS | 52 600 | 33 000 | 85 600 | 100 434 | 117% |
| FURNITURE AND EQUIPMENT | 57 000 | 30 000 | 87 000 | 46 411 | 53% |
| HOUSING | 43 000 000 | (43 000 000) | 0 | - | |
| **TOTAL** | **73 001 986** | **(46 520 386)** | **26 481 600** | **24 714 372** | |

**APPENDIX D - DISCLOSURE OF GRANTS RECEIVED DURING THE YEAR**

| DESCRIPTION | OPENING BAL. | GRANTS RECEIVED | EXPEND. TO DATE | CLOSING BAL. |
|---|---|---|---|---|
| | | | | |
| Capacity Support Grant | 70 190 | | | 70 190 |
| feasibility Study | 39 261 | | | 39 261 |
| IDP Grant | 91 042 | | 77 042 | 14 000 |
| MSIG IDP Grant | 1 253 | | | 1 253 |
| Municipal System Improvement Grant | 19 715 | 607 153 | 367 773 | 259 095 |
| MSIG PMS | 32 359 | | | 32 359 |
| Financial Management Grant | 367 797 | 500 000 | 347 622 | 520 175 |
| MFMA Grant | 73 335 | | 73 335 | -0 |
| Retension | 76 463 | 18 693 | | 95 156 |
| MDP Capacity Building | 398 044 | | 208 417 | 189 626 |
| Anti- Corruption | 134 500 | | | 134 500 |
| MAP Project Consolidated | 22 091 | 400 000 | 34 300 | 387 791 |
| project Consolidate | 1 781 000 | | 1 653 581 | 127 419 |
| Inter Dep Monitoring | 19 647 | | 4 228 | 15 419 |
| Project Rates Implimentation | 1 409 | | | 1 409 |
| Valuation Roll | 370 000 | | | 370 000 |
| MPRA-Ilembe | 28 869 | | | 28 869 |
| GIS Fund | 246 468 | | | 246 468 |
| Municipal Infrastructure Grant | - | 8 690 852 | 7 897 082 | 793 770 |
| Local Govn SETA | 142 327 | 47 445 | 16 184 | 173 587 |
| Agriculture Sector Plan Capacity | 1 215 | | 1 215 | - |
| Internal Controls | 150 000 | | | 150 000 |
| Arts and Craft | 15 737 | 63 210 | - | 78 947 |
| Infrastructure Investment Plan | 14 622 | | | 14 622 |
| Public Participation | 334 427 | | 291 931 | 42 496 |
| Human Resource System | 83 000 | | 83 000 | - |
| Induction Training Grant | 10 745 | | | 10 745 |
| Corrido Development | 500 000 | | 500 000 | - |
| Urban Design Framework | 56 251 | | 39 058 | 17 193 |
| Maphumulo Nursary | 421 275 | | | 421 275 |
| Taitanuim Mining | 100 000 | | | 100 000 |
| Housing Sector Plan | 3 450 | 92 400 | 95 850 | - |
| Operational Support MPCC | 500 000 | | | 500 000 |
| Kwashushu Hot Springs | - | 500 000 | - | 500 000 |
| CCJC Woman | 180 000 | | 175 950 | 4 050 |
| **TOTAL** | **6 286 490** | **10 919 753** | **11 866 569** | **5 339 674** |